

PAY TEL COMMUNICATIONS, INC.
WC Docket 12-375 – Inmate Rates Proceeding

July 29, 2013

Pay Tel is supportive of the Commission's efforts to reform Inmate Calling Services (ICS). In undertaking reform, Pay Tel urges the Commission to take into consideration the following six critical elements:

- **Balanced Reform Is Needed** - The Commission should adopt appropriate reform giving due consideration to all affected parties: consumers are entitled to fair and reasonable rates; providers should be permitted to earn a reasonable return on their investment, and facilities should be compensated for their costs of ICS administration to ensure that phone service continues to be readily available to inmates.
- **Comprehensive Approach Is Required to Achieve the Desired Result** - Merely addressing a portion of the industry's many challenges in a piecemeal fashion will only lead to ineffective results. This will lead to unintended consequences such as new fees increasing costs for consumers, increased incentive for rate arbitrage, and the resulting reduction in phone access.
- **Proposed Benchmark Rate on Interstate Calls Will Not Work** - Adoption of the Wright Petitioners' latest proposal to establish a benchmark ICS rate only for interstate calls at \$0.07 per minute with no upfront surcharge is not sustainable in a jail setting. This would lead to immediate "rate shopping" or arbitrage to the detriment of safety and security in all facilities. This rate would also cause severe financial harm to ICS vendors such as Pay Tel that provide service in small to medium size jail facilities, and would result in further industry consolidation by the two dominant national companies.
- **Separate Rate Analysis for Jails and Prisons Is Required** - The Correctional Industry is comprised of different types and sizes of facilities that have significantly different inmate phone service cost characteristics. In particular, jails and prisons should be treated separately by the Commission with respect to any consideration of ICS costs and the application of any resulting rate cap.
- **Facilities Must Receive Cost Recovery** - If the FCC sets rates that do not include a commission for facilities, administrators will not have the necessary funds to cover the legitimate costs to administer and monitor phones in a manner sufficient to provide adequate security for inmates, staff, and the general public. Without recovery of these costs, facilities may choose to significantly reduce phone access or discontinue service.
- **Fees Charged to Families Must Be Addressed to Achieve a Lasting Solution** - The Commission must address the growing problem of excessive payment processing fees and multiple add-on fees that in many cases double the real cost of calls to families. Fee levels that far exceed their cost basis serve only to dramatically reduce the funds families have available to place phone calls and the funds available for commissions. The reduction in commissionable revenue penalizes facilities which use these funds to recover the legitimate costs of administering ICS and monitoring phone calls to ensure that inmates, staff and the public are protected.